

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

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In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

SB1343, SD2, RELATING TO FEES AND OTHER ASSESSMENTS

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health

March 25, 2009
3:00 p.m.

1 **Department's Position:** The Department of Health appreciates the opportunity to testify in opposition
2 to Senate Bill No. 1343, S.D. 2.

3 **Fiscal Implications:** None

4 **Purpose and Justification:** Senate Bill No. 1343, S.D. 2, proposes to codify the fees established and
5 assessed by the Department and, in so doing, removes the authority of the Department from setting fees
6 pursuant to chapter 91 rulemaking. Establishing fees and assessments by statute reduces the
7 Department's flexibility and the ability to respond to changing costs and economic conditions and may
8 create conflicts with federal law. A better way is to maintain the Department's flexibility and ability to
9 establish fees by rule.

10 The proposed bill also appears to establish single, uniform fees. Instead, the different programs
11 should be allowed to establish fees to better reflect public policy and the efforts and costs of that
12 program's activities.

13 For example, under Section 20 relating to healthcare facilities, a single fee may be imposed and
14 collected for the licensing of various types of these facilities. However, the effort and cost to survey a
15 major hospital is different from the effort and cost to survey an ambulatory surgery center. As a result, a

1 single fee structure will inevitably result in an inequitable situation where fees paid by some facilities
2 will subsidize the fees of others. And a single fee structure established in statute may also be inflexible
3 and contribute to the financial difficulty of smaller providers such as adult residential care homes at a
4 time when the policy should be to encourage the establishment of these kinds of facilities as an
5 appropriate option to more expensive hospitals or nursing homes. And if fees are established in statute
6 and as time passes, the fees may become outdated and inappropriate.

7 Similarly, under several other sections of this bill relating to the diagnosis and treatment of
8 tuberculosis, issuing changes to the compendia of generic drug products, enforcement of certain
9 environmental inspections and site visits, the revolving fund, environmental health education fund, and
10 other sections, single uniform fees would be established by statute. These fees may be inappropriate and
11 inequitable and, over time, become outdated. For example, the cost to diagnose a TB patient can be
12 different from the cost to treat them. Current environmental licensing fees and permit fees vary by type
13 of hazard such as for noise, radiation, indoor air quality, asbestos and lead, as well as for the size of the
14 project. For example, an asbestos abatement fee will be based on the size of the project, and a dental
15 office with one x-ray machine pays a different fee than a specialized medical imaging facility.

16 Finally, Section 24 concerning the revolving fund may conflict with federal law if fees are set
17 too high.

18 Thank you for the opportunity to testify.